



**MINUTES FROM MEETING OF  
THE PLANS MANAGEMENT BOARD  
JUNE 6, 2017**

The Plans Management Board (the “Board”) held a meeting on June 6, 2017 at 10:00 a.m. in the Main Conference Room of the Office of the State Treasurer (“OST”) located at 820 Silver Lake Blvd., Suite 100, Dover, DE 19904.

Board Members Represented or in Attendance:

Mr. José Echeverri, Board Chair  
Mr. Stephen Saville, Chair, College Investment Committee (Telephonically)  
The Honorable Trinidad Navarro, Insurance Commissioner  
The Honorable Ken Simpler, State Treasurer  
Ms. Deloris Hayes-Arrington, Director of Human Resources, Department of Finance (on behalf of Secretary Geisenberger)  
Mr. Robert Scoglietti, Director of Policy and External Affairs, Office of Management and Budget (on behalf of Director Jackson)  
Ms. Karen Field Rogers, Deputy Secretary, Department of Education (on behalf of Secretary Bunting) (Telephonically)  
Mr. Edward Seibert, Member At-Large  
Mr. Don Shandler, Public Member At-Large (Telephonically)

Board Members Not Represented or in Attendance:

Mr. Charles Campbell-King, Chair, Deferred Compensation Committee  
Mr. Ralph Cetrulo, Public Member At-Large

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Department of Justice (“DOJ”)  
Mr. Stuart Snyder, Chief of Staff, Department of Insurance (“DOI”)  
Ms. Jennifer Vaughn, Controller, DOI  
Ms. Nora Gonzalez, Deputy State Treasurer, OST  
Mr. John Meyer, Director of Contributions and Plan Management, OST  
Mr. Mike Green, Financial Investment Program Manager, OST  
Mr. Daniel Kimmel, Financial Investment Program Manager, OST  
Mr. Omar Masood, Policy Advisor, OST  
Ms. Martha Sturtevant, Executive Assistant to the State Treasurer, OST  
Ms. Maria Hurd, Belfint, Lyons & Shuman, P.A (“BLS”)  
Mr. Jim Doyle, BDO USA, LLP (“BDO”)  
Mr. Brock Thomas, BDO  
Mr. Andrew Quynn, BDO

## **CALLED TO ORDER**

The meeting was called to order at 10:03 a.m.

## **PRESENTATIONS REGARDING PLAN AUDITS**

### *BDO Presentation*

Representatives from BDO presented the 2016 audit results for the State's 529 plan. Mr. Doyle reported that the audit report was clean and clear of any uncorrected statements. Mr. Doyle stated that during the audit there were no noted disagreements with management, or withholding of information, or other matters deemed significant, and no violations of law or fraud risk.

Mr. Thomas said the audit was straightforward and noted no material misstatements.

Recommendations suggested by BDO included a periodic review of management fees collected monthly. Mr. Meyer stated that OST began this review in first quarter of 2017 and it will continue on a monthly basis. Mr. Thomas also suggested providing a participant hotline number for participants who want to bypass Fidelity to connect with OST.

### *BLS Presentation*

A representative from BLS presented the 2014 and 2015 audit results for the State's 401(a), 457(b) plans and the 2014 audit results for the 403(b) plan.

Ms. Hurd reviewed disclosures, and noted no concerns. She said the tax status, risks, internal controls and Investment Policy Statement were reviewed by BLS, also with no concerns. She acknowledged prudent and ample diversification opportunities were provided to participants.

During 2015, the 401(a) net position for Plan benefits decreased by \$1 million which is explained by distributions made to participants. The Plan had 11,182 accounts, and of those 11,000 accounts had balances of less than \$5,000 dollars each. Ms. Hurd stated there is an option to cash out those accounts, and noted that required minimum distributions for all but one account could be eliminated by doing so. Mr. Meyer added that the Board is planning to consider these accounts at a future meeting once recommendations from Cammack Retirement and Ice Miller are evaluated.

Ms. Hurd reviewed the 457(b) Plan. There was a decrease in assets of \$4M for 2015 that is representative of changes in market conditions. Plan contributions of \$38M matched deferrals on the W-3 forms provided by the State. There were 11,000 active participants with an average account balance of \$31,000.

Ms. Hurd explained the activity on the 403(b) Plan. She noted a significant improvement in the auditing process since the Plan consolidation in 2009. Participant contributions were \$22.9 million in 2014 and there were 5,300 active participants in the plan as of December 31, 2014.

Ms. Hurd noted that loans are not currently allowed, indicated those made prior to 2009 were grandfathered and only twenty-five loans are actively being repaid. In years prior, ICE Miller submitted a voluntary correction program (VCP) application and the IRS has accepted it. During 2014, two more loans were made by vendors.

The recommendation for the 403(b) Plan was to amend the application to add the two new 403(b) loans. Ms. Hurd said that her firm still finds errors in third party vendor documentation (noting Met Life and Security Benefits specifically), but added that the errors would be reduced with the transition to a single record keeper.

There was a discussion regarding the time-lag reporting. Ms. Hurd indicated that it was feasible to report on 2016 and 2017 by early 2018. The Board suggested working with the Office of the Auditor of Accounts to prepare a realistic timeline to produce the audits for each Plan.

## **ACTION ITEMS**

### *Approval of the Minutes*

Minutes were presented for approval and no changes were requested.

A Motion was made by Mr. Scoglietti and seconded by Mr. Seibert to approve the minutes from the April 25, 2017 meeting of the Board.

**MOTION ADOPTED UNANIMOUSLY**

### *Legal Services Agreement*

Mr. Staib indicated that the 529 Trust agreement and related documents dated back to 1998 need to be reviewed and updated. He suggested that the 529 Plan and ABLE related matters be added to the scope of services provided under the ICE Miller legal services agreement, which extends through 2018.

A Motion was made by Mr. Scoglietti and seconded by Mr. Shandler to amend the ICE Miller contract to include the 529 plan and ABLE related matters.

**MOTION ADOPTED UNANIMOUSLY**

## **PUBLIC COMMENTS**

No members of the public present for comment.

## **NEXT MEETING**

The next Board meeting is scheduled for July 25, 2017.

## **ADJOURNMENT**

A MOTION was made by Mr. Seibert and seconded by Mr. Simpler to adjourn the Board meeting at 11:51 a.m.

**MOTION ADOPTED UNANIMOUSLY**

Respectfully submitted,

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Jose Echeverri,  
Chair, Plans Management Board

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Martha Sturtevant,  
Executive Assistant to the State Treasurer, OST -*Recorder*